



City of Boulder



City Manager's 2014
Recommended Budget
First Reading of Budget Ordinances

October 1, 2013

Presentation Outline

- Budget in Context of Flood Event
- Financial Update
- 2014 Recommended Budget
 - Budget Overview
 - Budget Highlights
- Next Steps

Impact of Flood

- Too early to tell full impact - will be monitored - adjustments proposed later if needed
- Resources
 - Cashflow needs covered with reserves
 - FEMA reimbursements and insurance reimbursements
 - Once net cost is known will be revisited and final determinations made about longer term funding needs
- Costs
 - Initial Assessment \$49 million - assessment continues
 - Plan for infrastructure repair and improvements may mean reprioritization of the CIP with funding options
- Considerations
 - Balance so short term decisions do not impede intermediate and longer term needs

Impact of Flood - Operating Revenues

- Immediate impact known mid November
 - Anecdotal – restaurants feeling impact
 - Won't know longer term impact for months
 - Buffer: YTD through July over projections 2.8%
- Overall
 - Proceed cautiously
 - Good financial policies – reserves
 - Community resiliency



Financial Update

Economic Climate

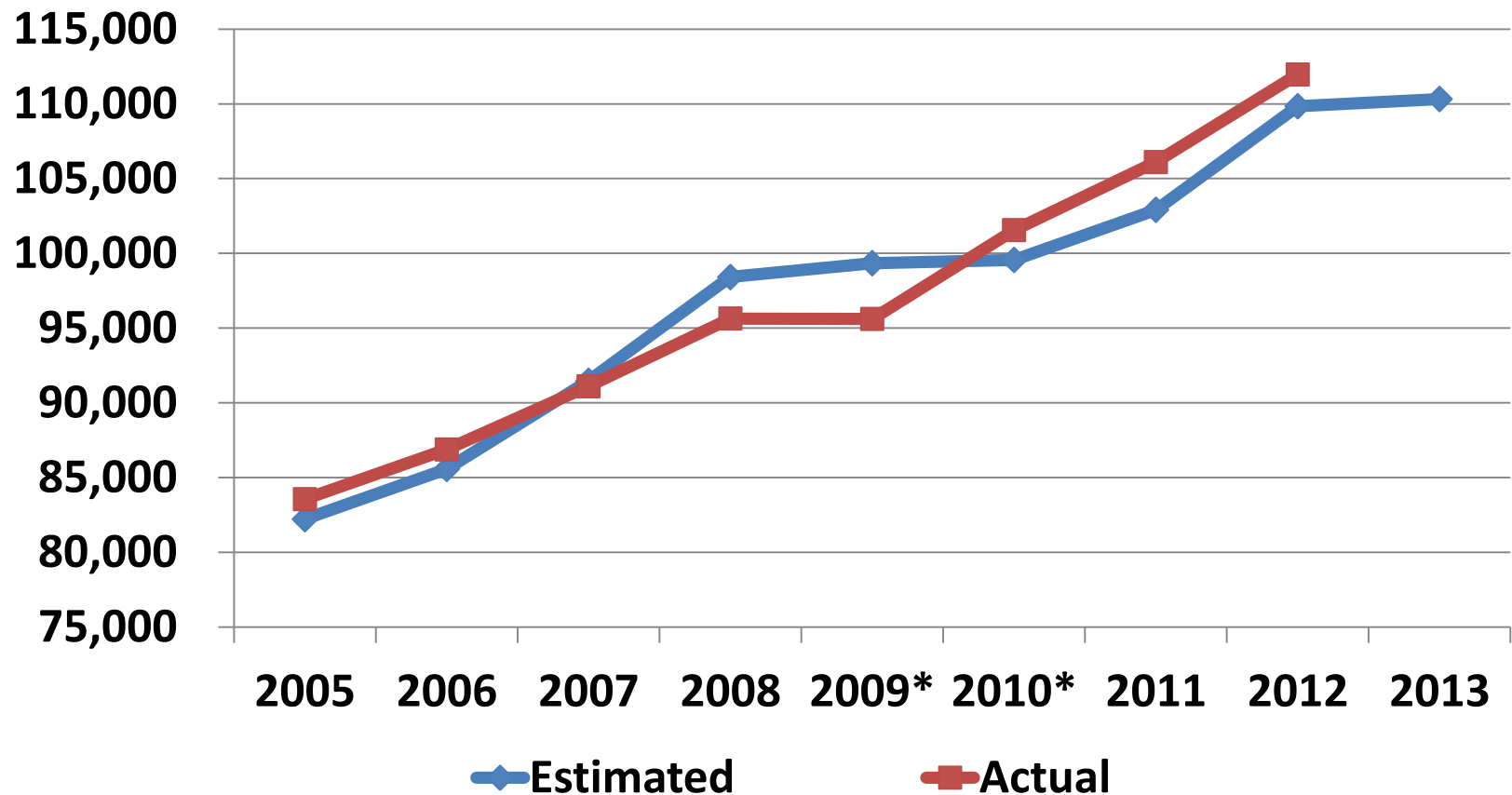
- Slow, steady economic and employment growth
- Impact of Sequestration
 - Employment growth slowing
 - Fewer Federal grant opportunities
- Colorado retail sales are slowing after very strong growth rates in 2012.
- Colorado housing market remains one of the strongest in the nation.
- Federal budget impasse and debt ceiling
- Global conditions are uncertain and fragile.

Sales/Use Tax Revenue Information

	2013 Revised	2013 YTD	2014 Projected
City of Boulder Sales/Use Tax	3.40%	6.27%	3.50%
COB Retail Sales Tax	3.41%	6.95%	3.53%
Denver-Boulder- Greeley Consumer Price Index	2.30%	2.30%	2.45%
State Retail Trade Sales	3.90%	3.90%	5.4%
Colorado Personal Income Growth	4.50%	N/A	5.4%

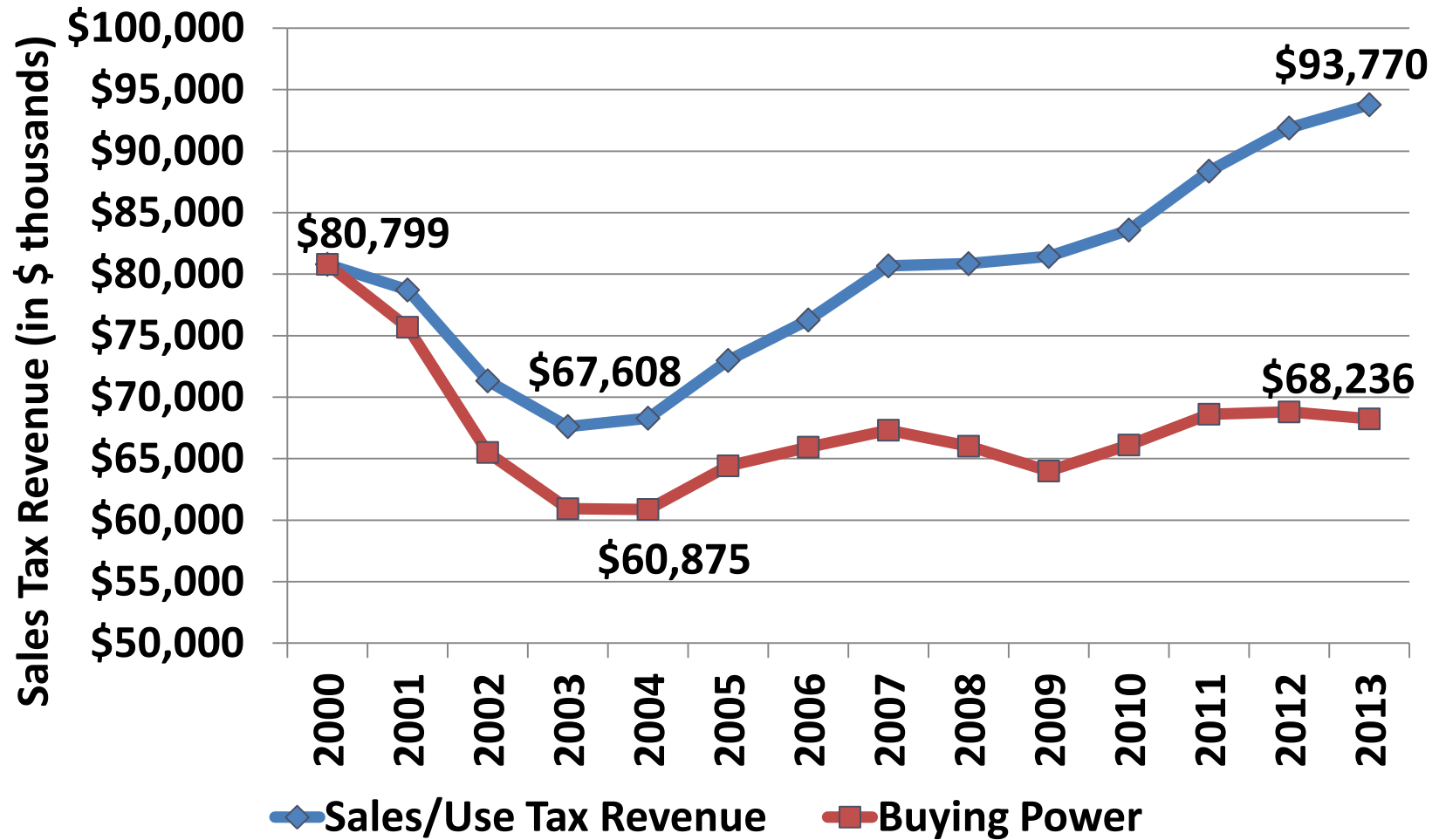
Revenue Projections to Actuals

General Fund Estimated vs Actual Revenue (in thousands)
2005-2012*



Revenue does not include Bond and Note receipts totaling \$11.5 million in 2009, \$9.2 million in 2010, and \$49 million in 2012. These sources are not considered revenue for income purposes.

Buying Power



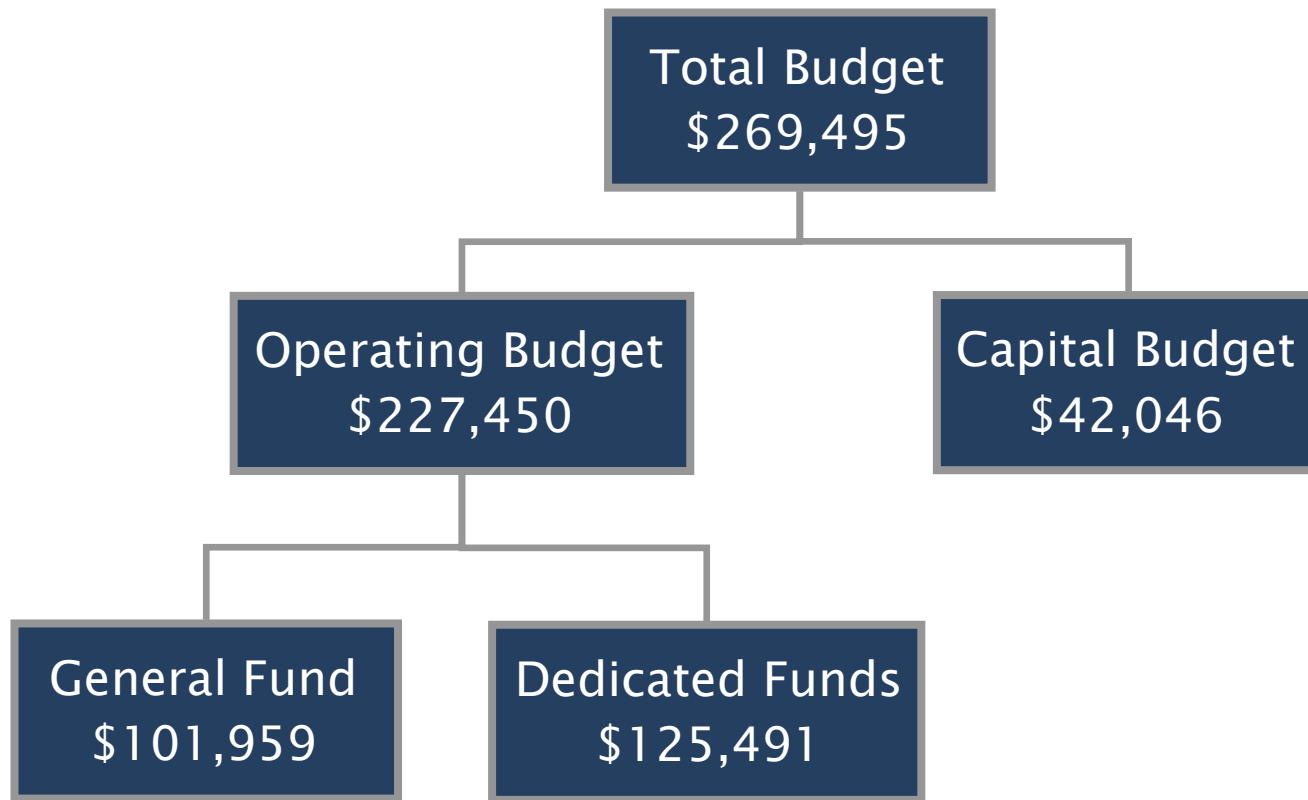
To allow for comparison between 2000 and 2011, .15% Open Space sales tax collected since 2004 and .15% Fire Training Center sales tax collected only in 2007 not included.



Budget Overview

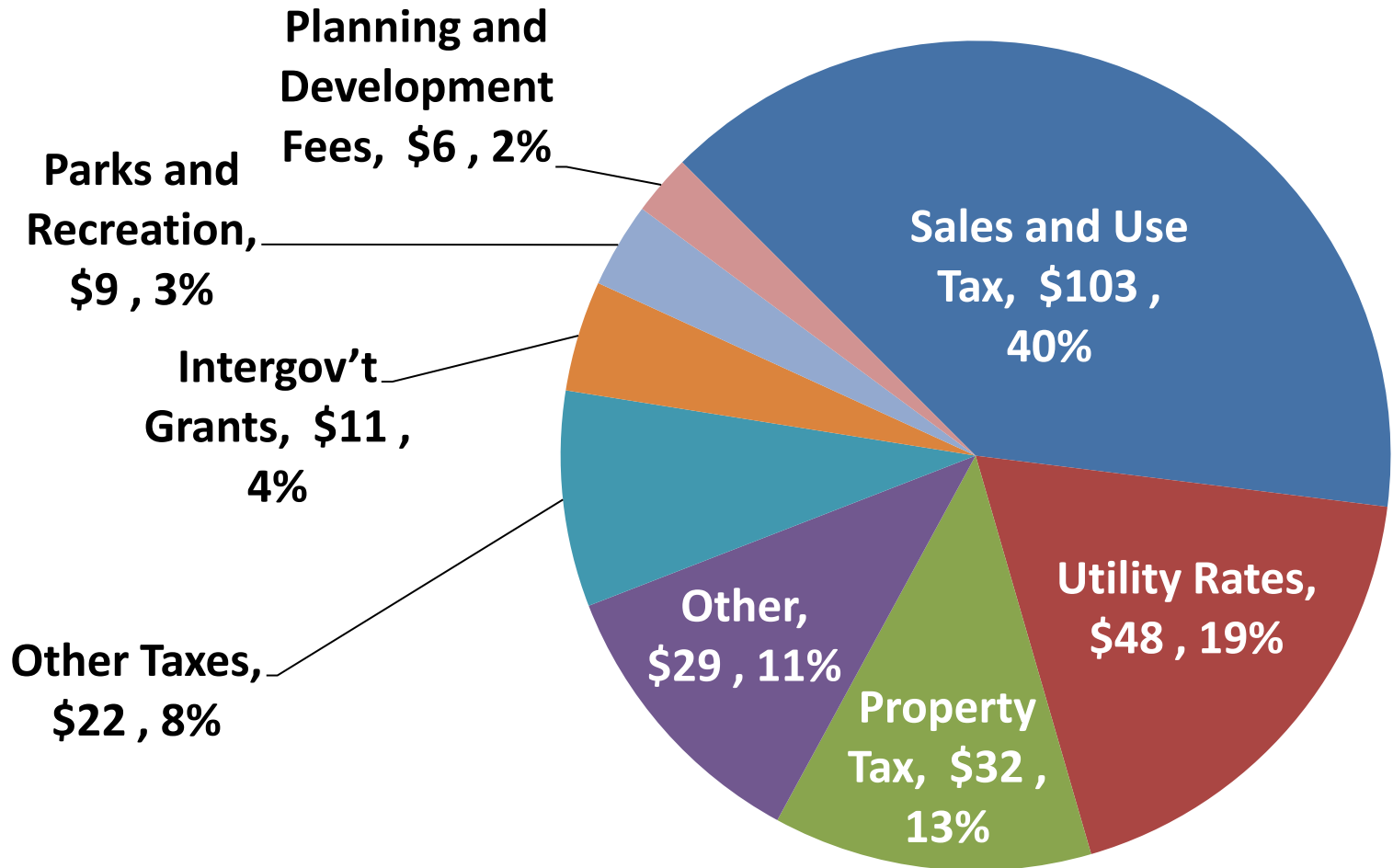
2014 Recommended Budget

(in \$1,000s)



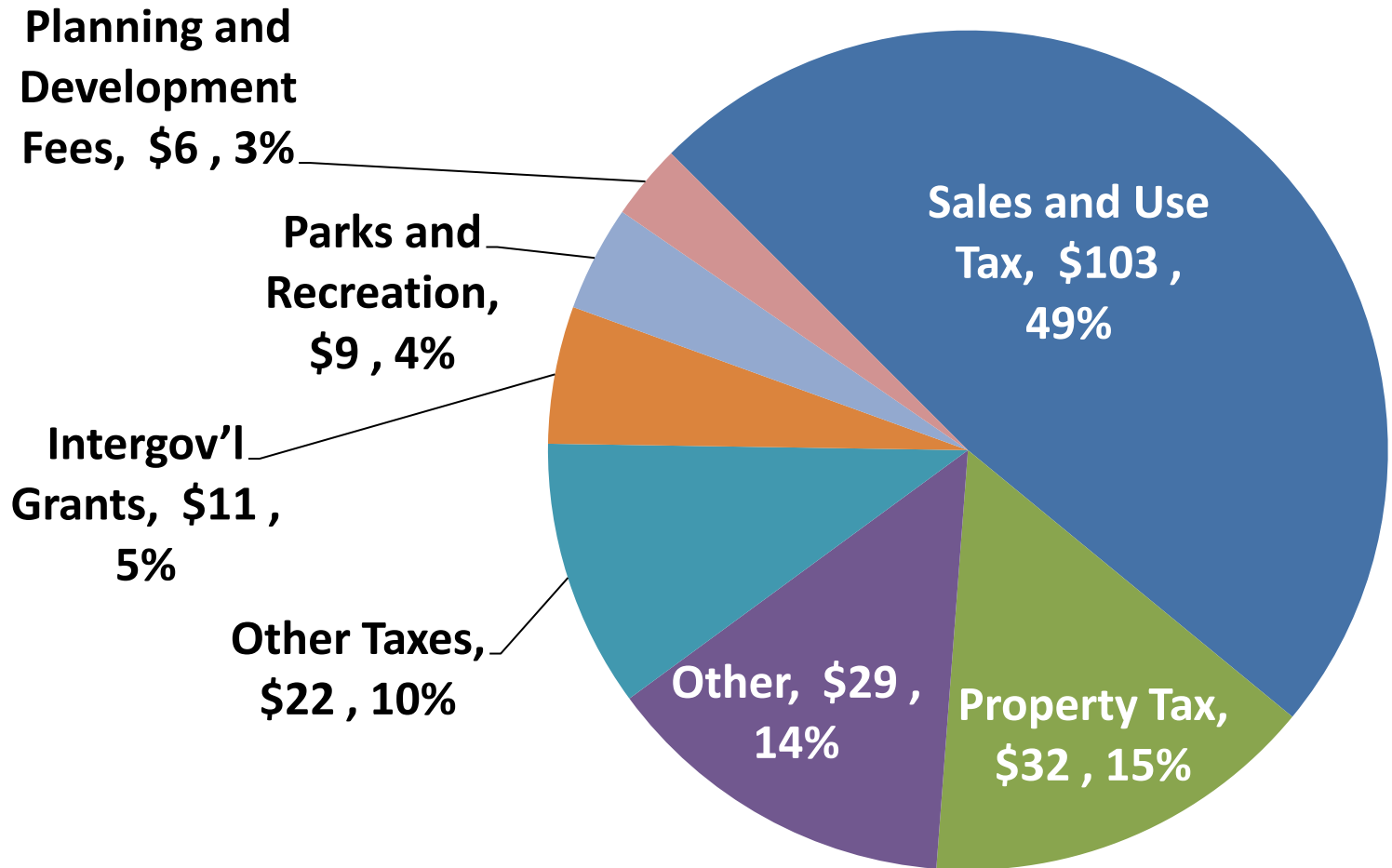
Citywide Revenues

Total: \$260 (in millions)



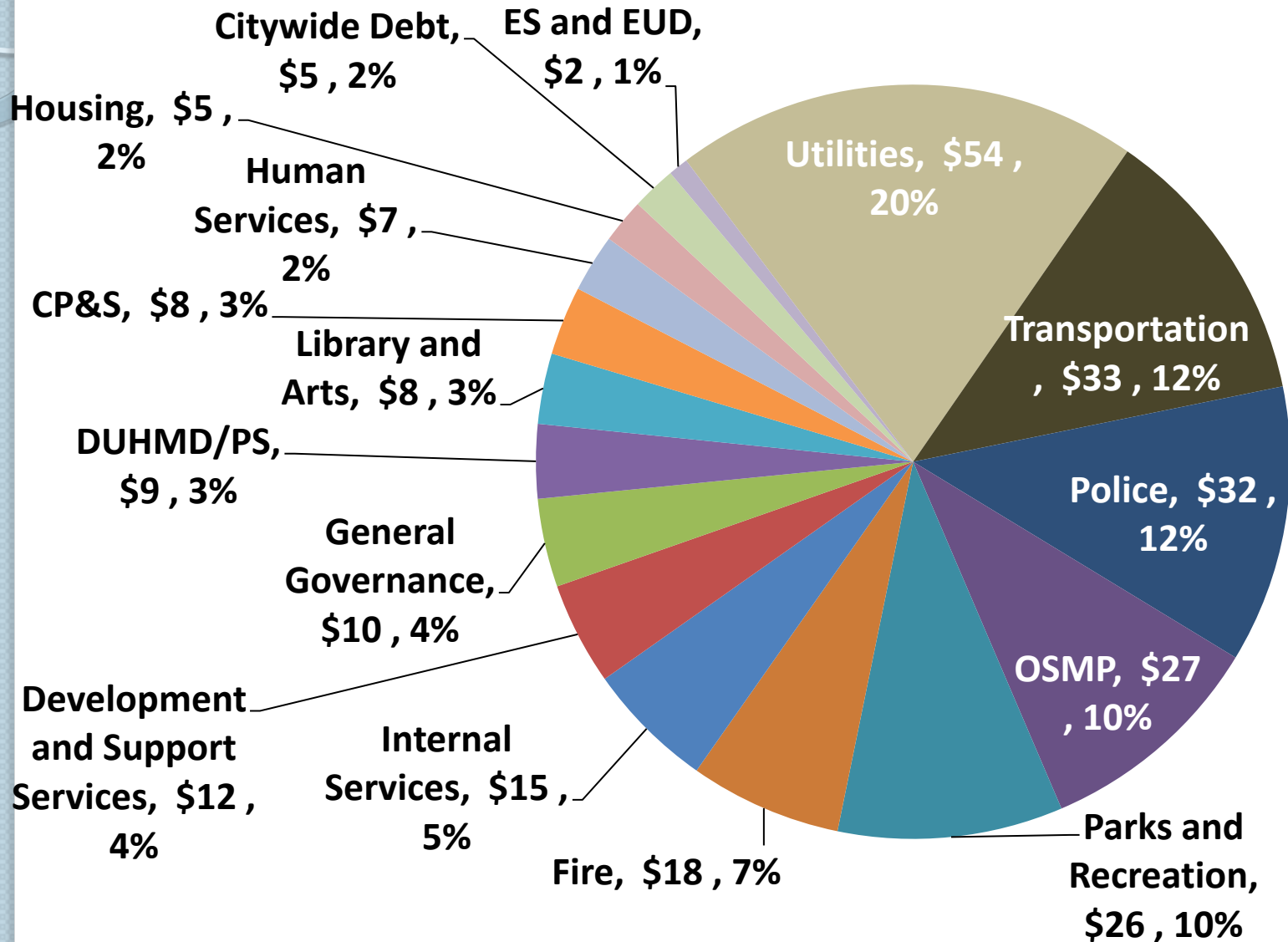
Citywide Revenues Excluding Utilities

Total: \$212 (in millions)



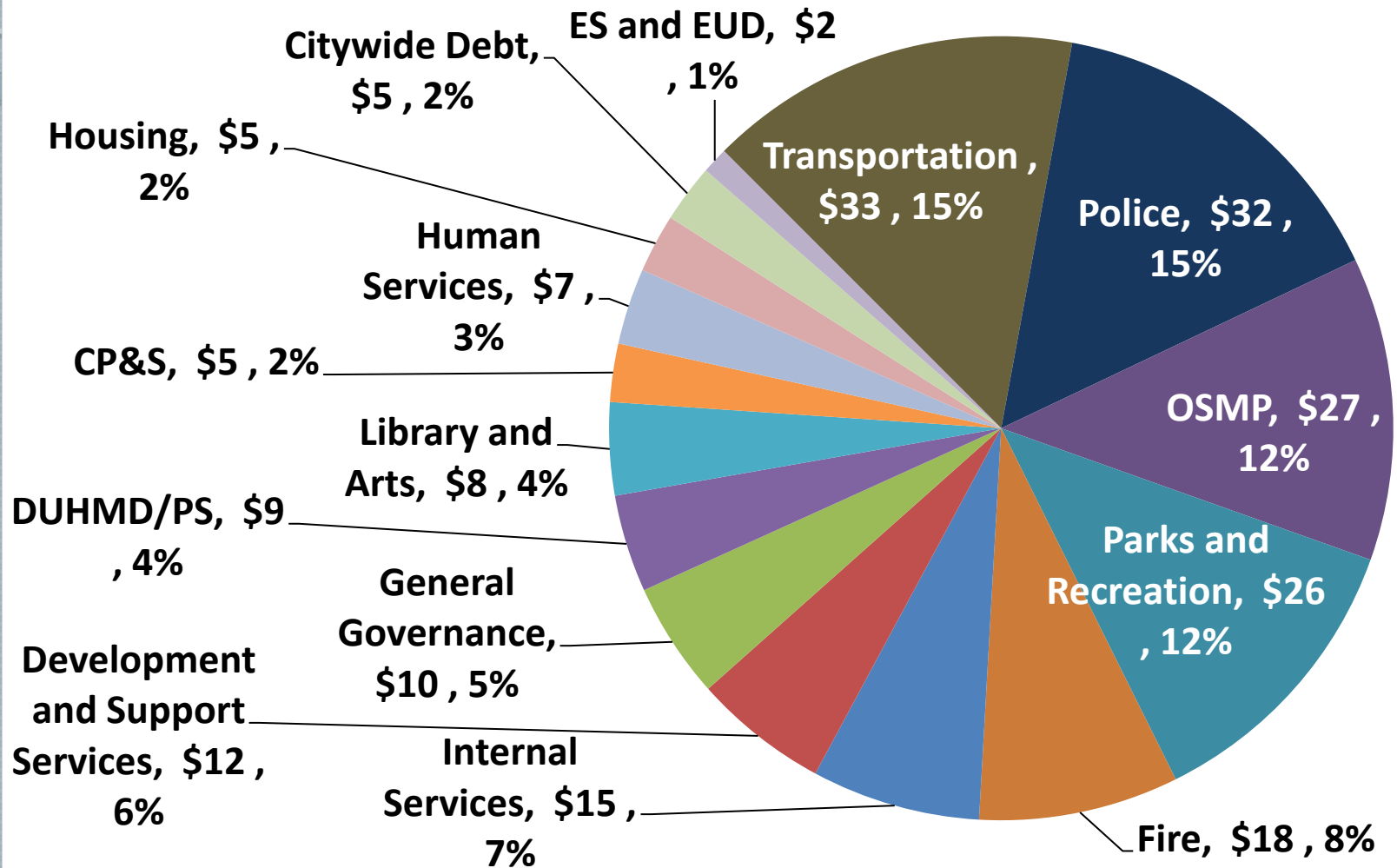
Citywide Expenditures

Total: \$269 (in millions)



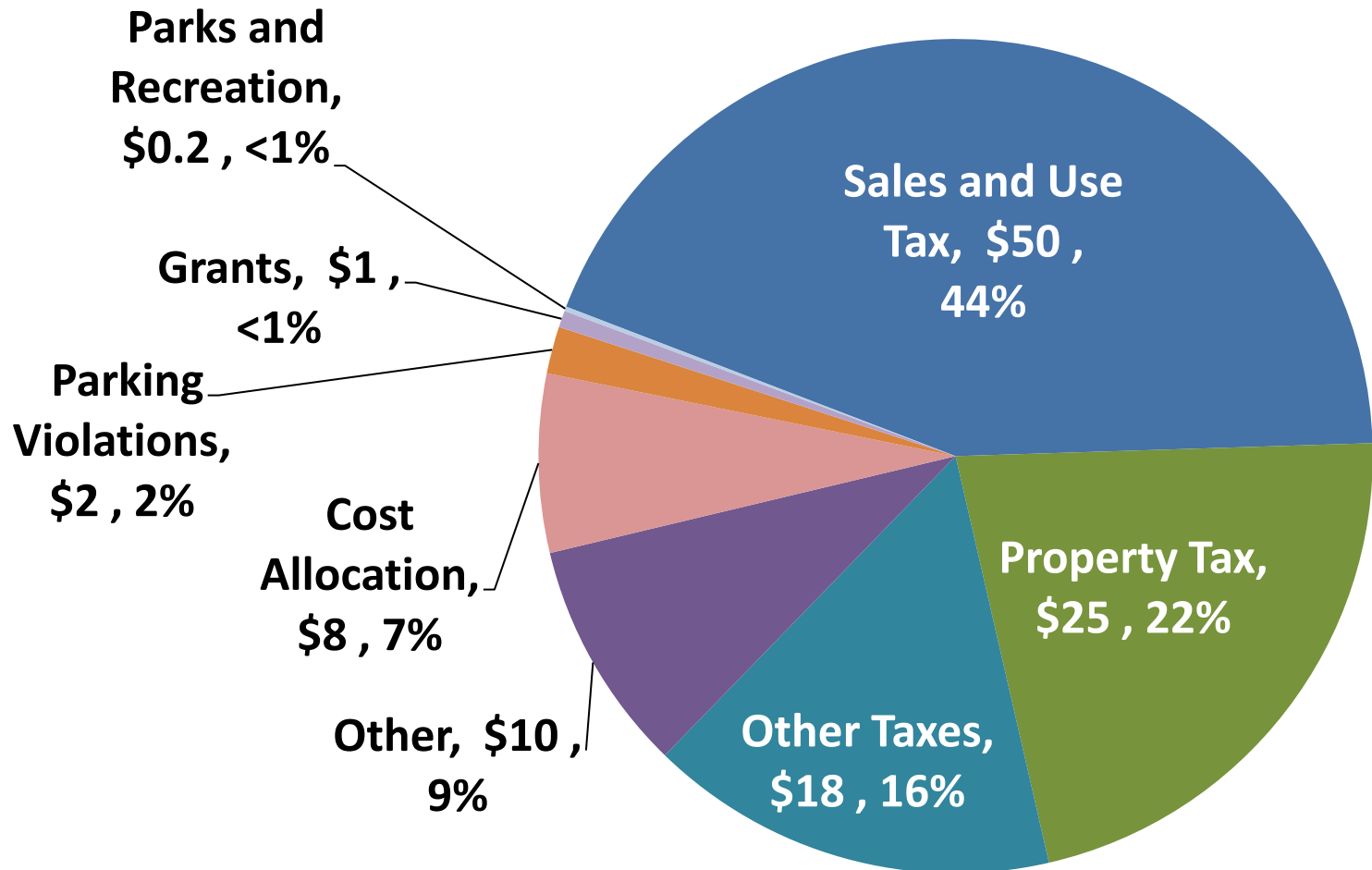
Citywide Expenditures Excluding Utilities

Total: \$216 (in millions)



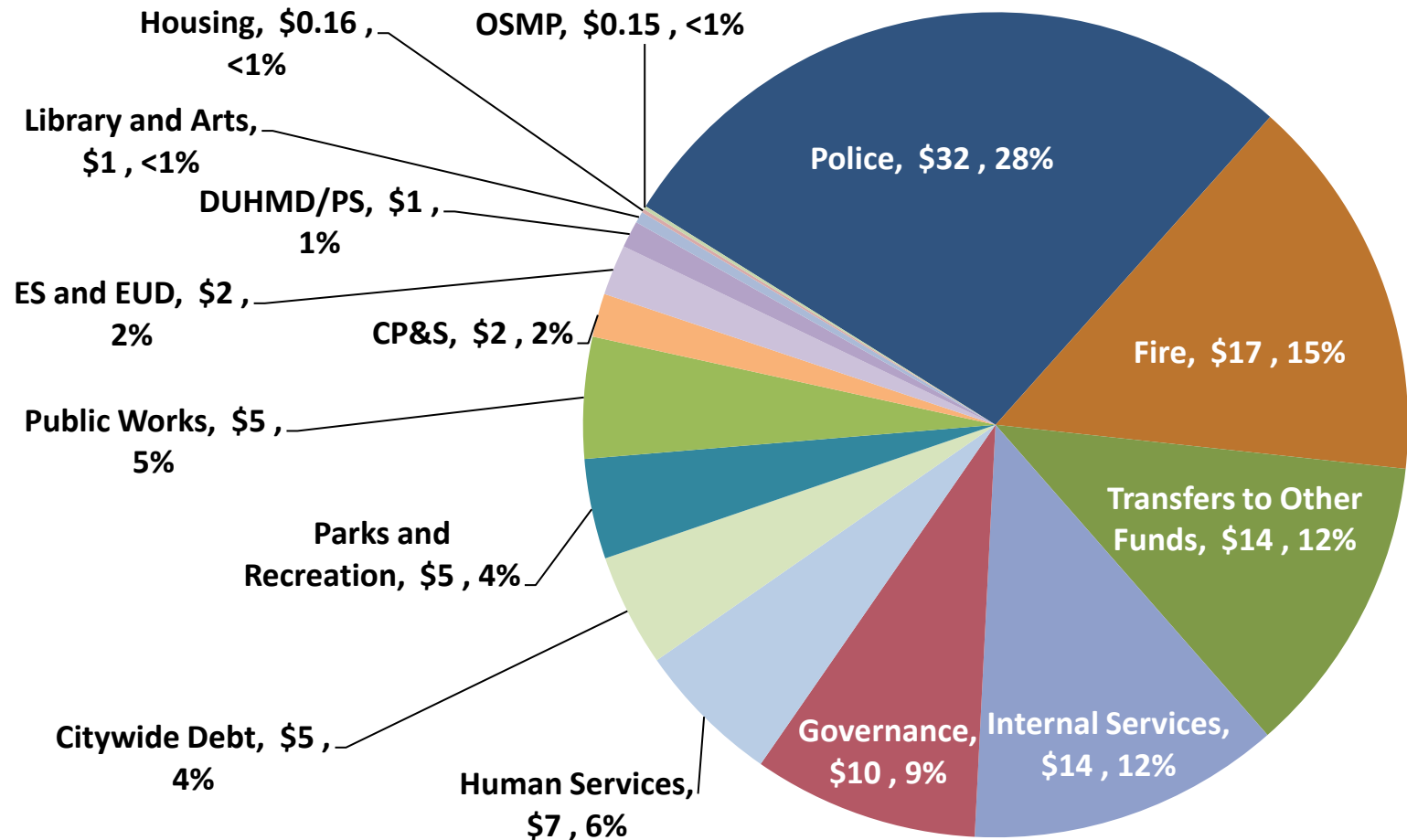
General Fund Revenues

Total: \$115 (in millions)



General Fund Expenditures

Total: \$116 (in millions)



General Fund Reserves

- Recommend ongoing increase to 15%
 - Provides long-term stability
 - Unanticipated needs
 - Emergencies
 - Revenue shortfalls
 - Aligns with industry standards (45-90 days)
 - Represents 55 days
 - Strengthens bond rating
- Monitor reserve levels
 - Impact of flood costs
 - Plan to rebuild as needed



Budget Highlights

2014 Budget Focus

- Strategic
 - Public safety
 - Maintaining existing assets
 - Investing in the future
- Collaborative
 - Aligning resources with highest priorities
- Multi-year
 - Building sustainability

Reallocations

- Demand greater than resources
- Challenge to Organization
 - Savings & reallocation opportunities
- Balanced approach of new revenues and reallocations
 - PBB helped align resources with priorities
- 7 departments were able to identify \$1.2M

Public Safety

- Police staffing*
- New Records Management System
- Master Police Officer compensation
- NPE *
- Wildland Fire
 - Staffing
 - Training Center O&M
- Self containing breathing apparatus*
 - Masks in 2014, full replacement funding ongoing*
- Light Response vehicle O&M

Community Investment

- North Boulder Public Library Station
- Civic Area implementation
- Boulder's Energy Future
- Customer service enhancements in P&DS
- Snow and Ice Pilot
- Boulder History Museum

Maintaining Existing Assets

- Facilities and Maintenance funding
 - Reimbursement to FAM of GF share for:
 - Valmont Butte remediation
 - 13th Street Plaza remediation
 - Ongoing funding
 - Maintenance and Renovation & Replacement*
- Mall and Downtown repair and replacement
- Transportation system maintenance and repair



Proposed Utility Rate Changes

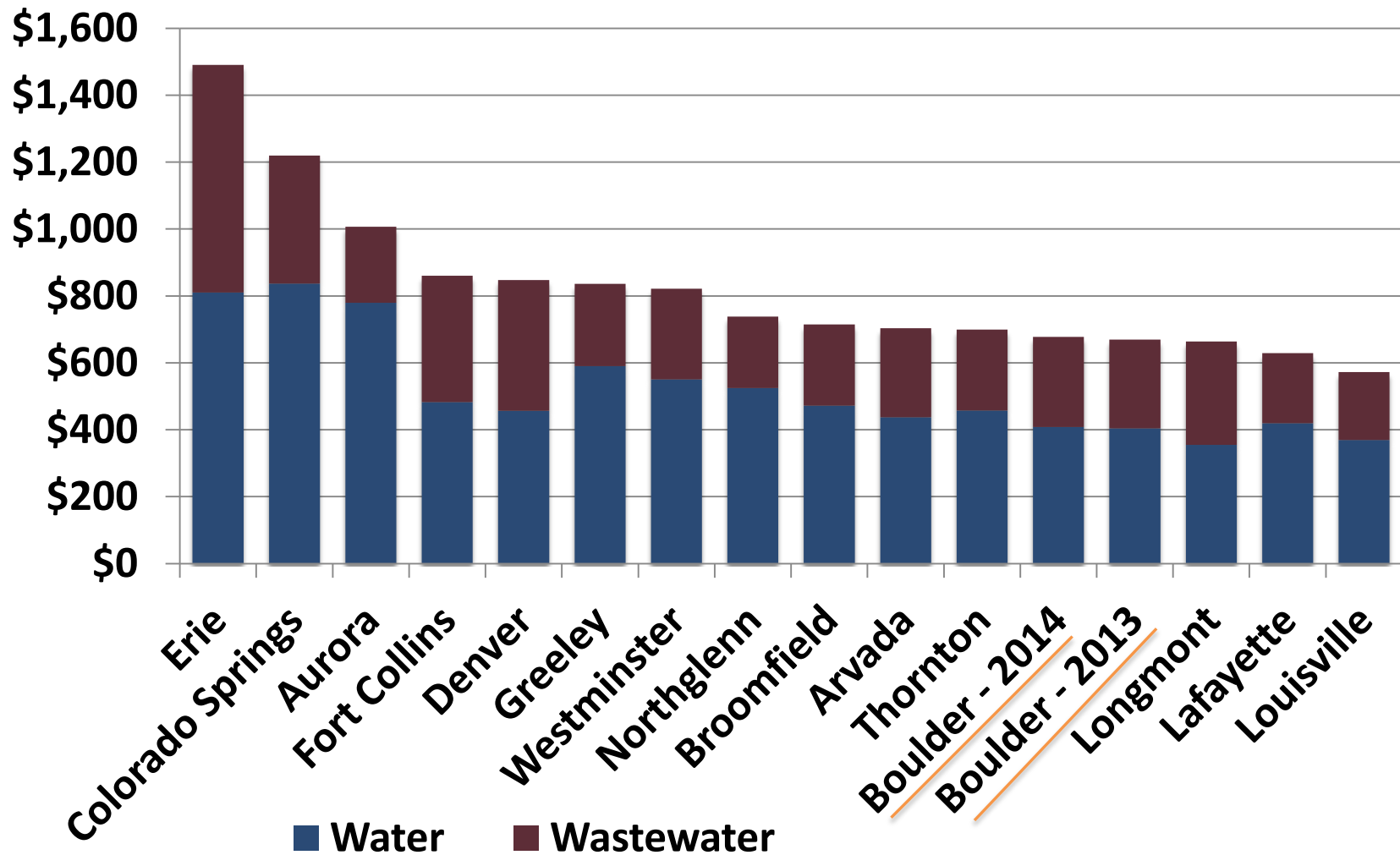
Utility Rate Changes

Utility	Percent Change
Water	4%
Wastewater	5%
Stormwater / Flood Management	3%

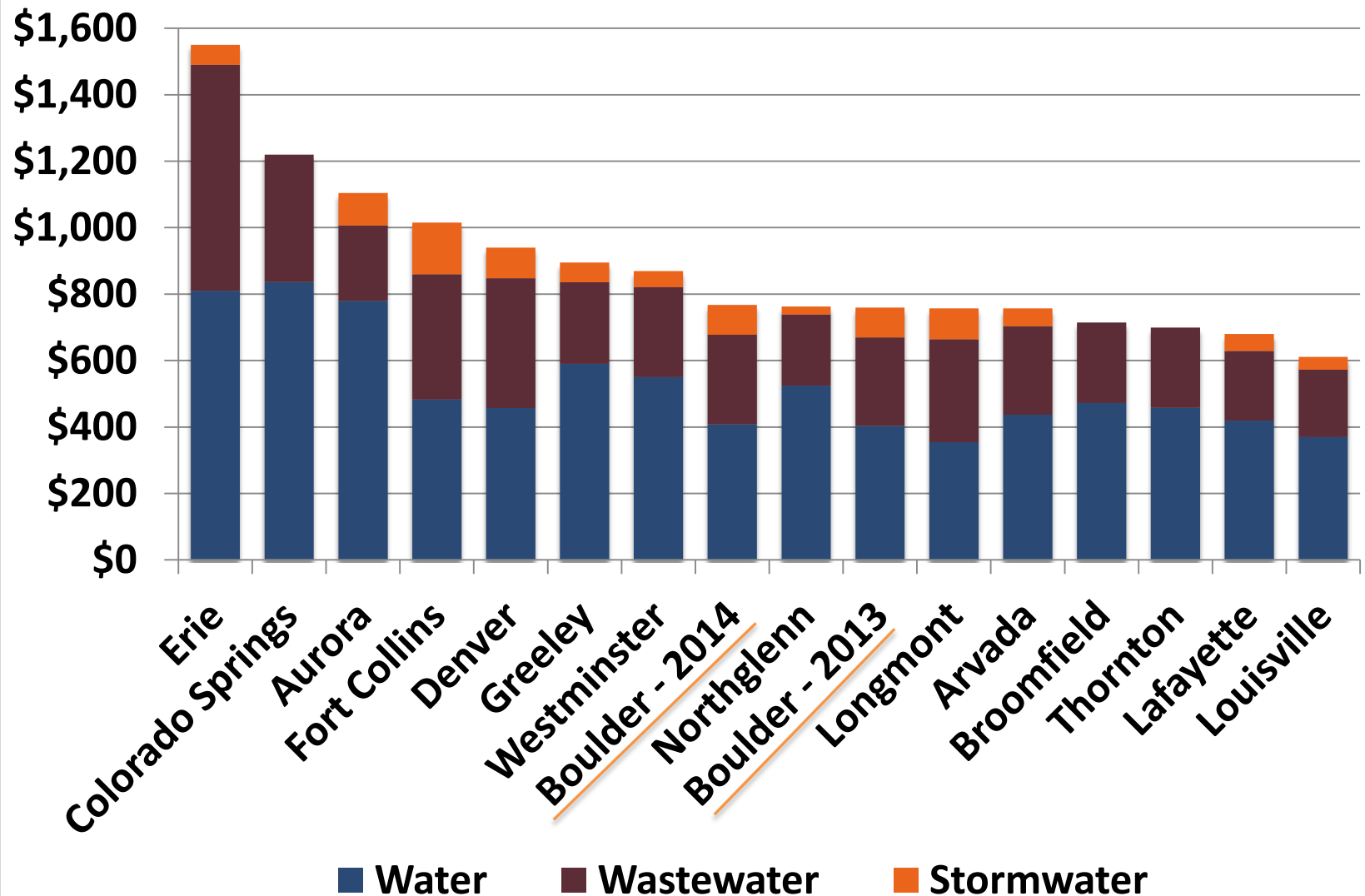
Utility Rate Changes

Account Type	Typical Monthly Utility Bill for 2013	Change in Total Monthly Utility Bill for 2014
Residential	\$ 63	\$ 2.53
Commercial – Restaurant	258	11.67
Commercial – Hotel	2,390	105.58

Comparison of Water and Wastewater Rates



Comparison of Utility Rates



Utility Savings

- \$200,000 in Wastewater Treatment savings
- Wastewater Bond savings of \$250,000 through refunding
- Recently awarded over \$1,000,000 in grants for Wastewater Treatment upgrades



Old Hire Fire and Police Pensions

Old Hire Pension Plans

- Both plans underfunded
 - No increases since 2008
- Going forward any increases paid from the operating budget
 - Subject to same guidelines as any budget item going forward.
- Tiered increases

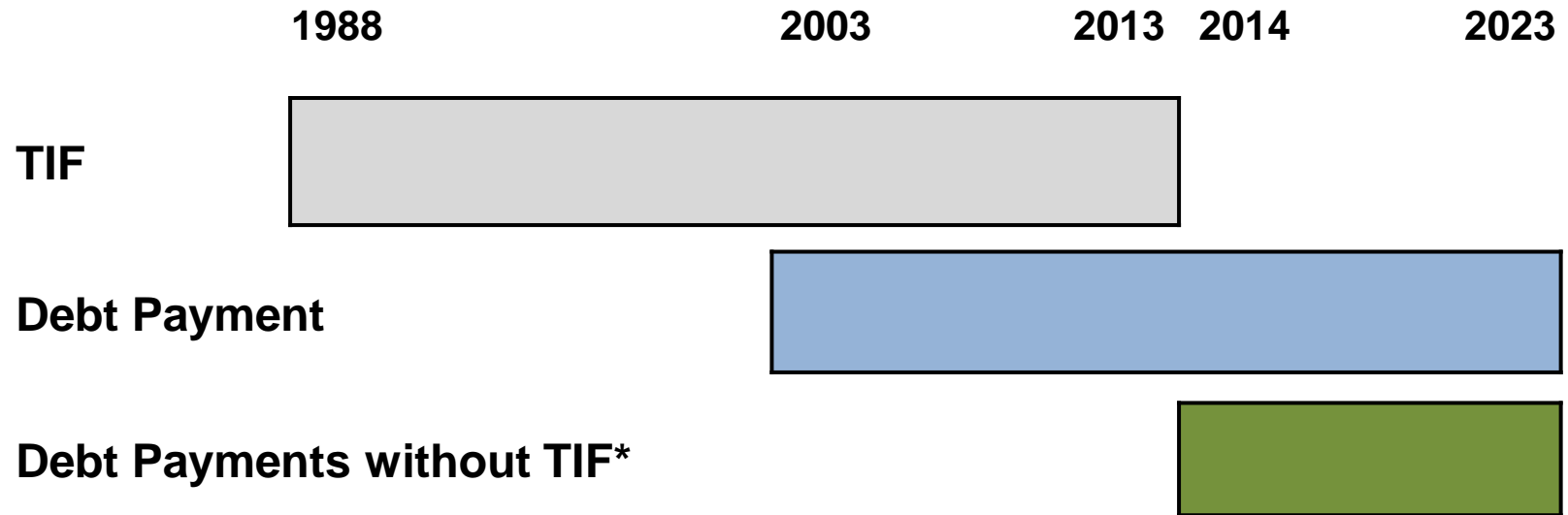
Recommendation Proposed

- Proposed:
 - Widows \$650/ppd minimum
 - Minimum retiree \$1,050/ppd
 - All others 2% and budget projecting 2% every other year if funds available and appropriated
- Cost: \$250K annually
 - Increase = \$175K
 - Amortization & earnings rate = \$75K



Tax Increment Financing (TIF)

Tax Increment Financing



*Although the TIF expires in 2013, the final property tax receipts will be received in 2014

CAGID: Timing & Shortfalls

Pre-debt Issuance & Early Years

- Costs above the bond proceeds were paid by CAGID
- Pre-TIF cash flow shortages paid by CAGID
- No compensation for airspace above the parking lot

Tax Increment District COB

- Currently: Debt payments are from:
 - Net of parking revenues minus expenses plus TIF
- TIF expires end of 2013
- Cooperation Agreement
 - City Council may, in its sole discretion, consider paying an amount to CAGID as Supplemental Contributions

Proposal in the Recommended Budget

- Depending on revenues: The general fund may pay any shortfall in the debt payment after the net revenue is calculated
 - To be paid off the top from accommodations revenues now coming back to the general fund (5.5% rate)
 - One year lag: 2015 would come out of 2014 collections so it follows the current process
 - Amount/year: \$350K to \$375K
- The remaining will be shared with the BCVB using the allocation being used annually



Next Steps

Next Steps

- October Budget Hearings
 - Oct. 15 second reading
 - Oct. 29 – third reading (if needed)
- Council Adopts 2014 Budget, including CIP
- Check-in with City Council regarding flood impact
- Comprehensive Financial Strategy report to City Council in early 2014

Questions

- Does council have any questions or feedback on the 2014 Recommended Budget?